Consumer groups are blasting Rep. John Campbell's proposed amendment to the Consumer Financial Protection Agency Act, which would exempt car dealers nationwide from federal regulation aimed at protecting the little guy. (We delve into the pros and cons of that idea in our stories here and here).

John Sackrison - executive director of the Orange County Automobile Dealers Association - says they're off the mark. (And we at The Watchdog have just had our own adventure in car-buying land, and share our newfound wisdom below.)

"It's unnecessary," Sackrison said of the regulation. "I don't think the consumer groups quite understand the role the dealer plays. The dealers are not banks or financial institutions; they just help arrange the financing for the consumers. They're not the consumer's only option - consumers can go to the credit union or the bank, whoever they would like.

"So since the dealers are not a bank, it doesn't make sense for them to be regulated as a bank, with all the burdens that go along with that. That would make it very difficult to help consumers secure their financing. The dealers are already regulated by the federal government, and this would be one more layer of regulation unnecessarily. The dealers aren't loaning the money."

So, who is loaning the money? "Captive finance companies." What's that? "A subsidiary whose purpose is to provide financing to customers buying AUTOS-SHARES/the parent company's product," an investing dictionary tells us.

These captive finance companies - which would be subject to regulation by the new agency - exist to provide affordable financing to consumers, and want customers to come back, and so are unlikely to misbehave. Something like, say, Toyota Financial, exists "to move the metal," Sackrison said, and tries to do what's best for the consumer.

"Dealers getting lumped in with credit card companies and banks doesn't make a lot of sense," he said. "Dealers that do originate and hold the loans, they are subject to regulation under the act. They are not exempted. Those are mostly used car dealers - buy here, pay here sort of places. And they should be subject to the act."

So, in short, something like Toyota Financial Co. would be regulated under the act, but the Toyota dealers themselves should not be, he said.

Which brings us to The Watchdog's recent experience buying a new car. Which brings her some shame.

We checked around for the best loan rates and all that. But when we were actually in the dealership, smelling the new car smell, pulling out our checkbook, our brain seized. We told the dealer we planned to finance through our credit union; the dealer said he could match that rate; and so we said sure. Unfortunately, we failed to actually ask what precisely that interest rate was, and once we realized our bone-headedness, we were too afraid of what we had wrought to actually look at the paperwork.

Sackrison urged us not to be frightened. We held our breath and took a look: 6.75 percent.

OK. We called our credit union again. Their best rate was 6.99 percent, we were told. Ooo! We felt lucky! Until she said that, if we signed up for automatic monthly payments, the rate dropped to 5.99 percent.

Ah. Well. Luckily for us, the credit union will let us refinance. The moral is, don't be a dolt, do your homework, read the paperwork, and remember that it's always easier to give good advice than to follow it yourself.